

Message Text

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TO SECSTATE WASHDC 5738

INFO AMEMBASSY MOSCOW

AMEMBASSY SEOUL

AMCONGEN HONG KONG

USLO PEKING

COMUSJAPAN YOKOTA

CINCPAC HONOLULU

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 18265

CINPAC ALSO FOR POLAD

E.O. 11652: GDS

TAGS: PINT, PFOR, JA

SUBJECT: MIKI'S FIRST YEAR

SUMMARY. (A) CATAPULTED TO OFFICE BY EXTRAORDINARY CIRCUMSTANCES, PRIMIN MIKI HAS SUBSTANTIAL ACCOMPLISHMENTS TO HIS CREDIT AS HIS FIRST YEAR IN OFFICE ENDS. FIRST, AND UNEXPECTEDLY, HE HAS SURVIVED. IN THE PROCESS, HE HAS IMPROVED THE LDP'S SOILED POPULAR IMAGE, MADE SIGNIFICANT PROGRESS IN SLOWING INFLATION, REVERSED THE ECONOMIC DECLINE, APPARENTLY PUT THE COUNTRY ON THE PATH TO "STABLE" GROWTH, WEATHERED THE LONGEST RAILWAY STRIKE IN JAPANESE HISTORY, AND COMPILED A LEGISLATIVE RECORD AT LEAST COMPARABLE TO THAT OF HIS PREDECESSORS. MOREOVER, DURING HIS AUGUST US VISIT AND HIS RAMBOUILLET PARTICIPATION, HE PUT HIS OWN PERSONAL IMPRESS ON JAPANESE DISCUSSION OF THE KOREAN ISSUE, THE NORTH-SOUTH PROBLEM, AND JAPANESE SECURITY GENERALLY; TIES WITH SOUTH KOREA AND TAIWAN WERE ALSO

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STRENGTHENED. HE WAS UNSUCCESSFUL, HOWEVER, IN OBTAINING

DIET APPROVAL OF AN ANTI-MONOPOLY BILL AND THE NPT, IN NEGOTIATING A PEACE AND FRIENDSHIP TREATY WITH CHINA, AND IN MODERNIZING THE LDP.

(B) DEVELOPMENTS LARGELY BEYOND MIKI'S CONTROL HAVE IMPROVED HIS POSITION WITHIN THE LDP, ALTHOUGH IT HAS MEANT COMPROMISE OF SOME OF HIS LIBERAL PRINCIPLES AND LESS POLICY LATITUDE GENERALLY. MIKI'S CONCEPT OF "DIALOGUE AND RECONCILIATION" WITH OPPOSITION PARTIES HAS ALSO SUFFERED A MAJOR SETBACK DUE AS MUCH TO OPPOSITION IMPERATIVES AS HIS ACTIONS. FINALLY, THE BLURRING OF HIS LIBERAL IMAGE AND HIS INCREASING RELIANCE ON THE LDP STRONGMEN FORCED BY THE POLITICAL DYNAMICS OF THE YEAR HAVE LED TO INCREASING MEDIA AND POPULAR DISAPPOINTMENT WITH HIS PERFORMANCE.

(C) OVER THE NEXT THREE MONTHS, MIKI IS UNLIKELY TO UNDERTAKE CONTROVERSIAL INITIATIVES, ALTHOUGH THERE WILL UNDOUBTEDLY BE RHETORIC TO THE CONTRARY. IN FOREIGN AFFAIRS, HE WILL HAVE GREATER LATITUDE, BUT BARRING A BREAK-THROUGH ON THE CHINA TREATY, ONLY THE CONTINUING PUBLIC DEBATE OF JAPAN'S SECURITY IS LIKELY TO HAVE LONGER TERM SIGNIFICANCE. IN LATE MARCH OR EARLY APRIL, AS LOWER HOUSE BUDGET PASSAGE NEARS -- AND SPECULATION ABOUT IMMINENT LOWER HOUSE DISSOLUTION AND GENERAL ELECTION INCREASES -- FACTIONAL MANEUVERING WITHIN THE LDP WILL INCREASE. THIS IS BECAUSE MIKI CHALLENGERS STILL MUST FIND AN OCCASION TO OUST HIM AND AGREE ON A SUCCESSOR BEFORE HE CALLS A GENERAL ELECTION, WIDELY EXPECTED TO GIVE HIM A POPULAR MANDATE TO CONTINUE. IN THIS CONTEST, WE BELIEVE THE ODDS CONTINUE TO FAVOR MIKI. THUS, AFTER TWELVE MONTHS IN OFFICE, MIKI, ALTHOUGH STILL WEAK, PROBABLY HAS BETTER PROSPECTS FOR CONTINUING IN OFFICE THAN AT ANY PREVIOUS TIME IN HIS TENURE. END SUMMARY.

1. JUST OVER A YEAR AGO TAKEO MIKI WAS NAMED PRIME MINISTER OF JAPAN. HE EMERGED BECAUSE HIS "CLEAN" IMAGE WAS PARTICULARLY SUITABLE IN THE WAKE OF THE TANAKA FINANCIAL SCANDALS AND, MORE IMPORTANTLY, BECAUSE OF A DEADLOCK BETWEEN DEPUTY PRIME MINISTER FUKUDA AND PRIME MINISTER OHIRA, THE

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LEADING CONTENDERS TO SUCCEED TANAKA. WHILE AT THE OUTSET MOST LDP LEADERS CONSIDERED HIM STRICTLY AN INTERIM PRIME MINISTER, HE HIMSELF ACTED AS IF HE MEANT TO SERVE OUT HIS FULL THREE YEAR TERM. CALLING FOR "DIALOGUE AND RECONCILIATION," HE PROMISED ELECTORAL AND ANTI-TRUST REFORMS, DIET APPROVAL OF THE NPT, A CHINA FRIENDSHIP TREATY AND SOUTH KOREA CONTINENTAL SHELF AGREEMENT, AND MODERNIZATION OF THE LDP ITSELF. THIS BOLD APPROACH

PLEASED THE MEDIA AND THE PUBLIC, BUT IT ANNOYED THOSE WHO PUT HIM IN POWER.

2. ACHIEVEMENTS/FAILURES. GIVEN MIKI'S WEAK POSITION WITHIN THE LDP, HIS ACCOMPLISHMENTS ONE YEAR LATER ARE SUBSTANTIAL. FIRST, HE HAS SURVIVED DESPITE CONTINUING INTRA-LDP MANEUVERING TO SUPPLANT HIM. SECOND, HIS ADMINISTRATION HAS BEEN WITHOUT HINT OF SCANDAL, AND THE LDP'S SOILED POPULAR IMAGE HAS IMPROVED. RELYING HEAVILY ON "ECONOMIC CZAR" FUKUDA, HE HAS SLOWED INFLATION, REVERSED THE DOWNWARD TREND OF THE ECONOMY, AND BEGUN THE DIFFICULT TRANSITION TO "STABLE" ECONOMIC GROWTH. HE HAS WEATHERED SUCCESSFULLY BOTH THE "SPRING STRUGGLE" WAGE DEMANDS AND THE "RIGHT TO STRIKE" STRIKE, THE LONGEST RAILWAY WORKERS' STRIKE IN JAPANESE HISTORY. THE DIET, DESPITE FREQUENT BREAKDOWNS, PASSED IMPORTANT ELECTORAL REFORM BILLS AND NECESSARY, IF UNPOPULAR, FINANCIAL LEGISLATION.

3. IN FOREIGN AFFAIRS AND SECURITY MATTERS, MIKI HAS PUT HIS OWN, MORE INDEPENDENT, IMPRESS ON SEVERAL JAPANESE POSITIONS, OFTEN IN CONNECTION WITH OVERSEAS VISITS. IN AUGUST, HE PAID AN UNUSUALLY SUCCESSFUL VISIT TO WASHINGTON, TAKING THE OCCASION TO URGE THAT CONSIDERATION OF KOREAN SECURITY INCLUDE THE ENTIRE KOREAN PENINSULA. HIS RAMBOUILLET PARTICIPATION WAS AN IMPORTANT FIRST IN JAPANESE POST-WAR HISTORY; ALTHOUGH A MIKI INITIATIVE WAS ULTIMATELY REJECTED BY HIS OWN BUREAUCRACY, HE SEIZED THE CHANCE TO DISCUSS A LONG FAVORITE THEME -- THE NORTH-SOUTH ISSUE. WITH FONMIN MIYAZAWA TAKING THE LEAD, MINISTERIAL CONFERENCES WITH SOUTH KOREA WERE RESUMED AND AIR LINKS WITH TAIWAN WERE RESTORED. FINALLY, MIKI, ALONG WITH JDA HEAD SAKATA, LAUCHED A PUBLIC DISCUSSION OF CONFIDENTIAL

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JAPANESE SECURITY, DIFFICULT TO IMAGINE FOR A LESS LIBERAL PRIME MINISTER.

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4. BUT THERE WERE, OF COURSE, SETBACKS AS WELL. HE WAS UNABLE TO OBTAIN DIET APPROVAL OF AN ANTI-TRUST BILL OR THE NPT. HIS ADMINISTRATION MADE NO HEADWAY IN IMPROVING RELATIONS WITH THE SOVIETS, AND ONLY HALTING PROGRESS IN ITS ATTEMPTS TO NEGOTIATE A PEACE AND FRIENDSHIP TREATY WITH THE CHINESE. NOR WAS THERE ANY MEANINGFUL PROGRESS TOWARD "MODERNIZATION" OF THE LDP. MOREOVER, HIS POLICY OF "DIALOGUE AND RECONCILIATION" WITH OPPOSITION PARTIES, SUCCESSFUL IN WORKING TOWARD ELECTORAL REFORMS SUPPORTED BY THE SOCIALIST, QUICKLY BROKE DOWN IN THE FACE OF DIET CONSIDERATION OF UNPOPULAR PRICE INCREASE PROPOSALS AND THE EXPECTATION OF A GENERAL ELECTION.

5. MIKI'S CURRENT STATUS. AFTER A YEAR IN OFFICE, MIKI HAS NOT ONLY SURVIVED BUT HIS POSITION IN THE PARTY HAS BEEN SOMEWHAT STRENGTHENED. THE DEADLOCK BETWEEN FUKUDA AND OHIRA WHICH BROUGHT MIKI TO POWER CONTINUES. THE POSSIBILITY OF ONE OR THE OTHER OBTAINING A DECISIVE ADVANTAGE NOW APPEARS MORE REMOTE THAN IT HAS FOR SOME TIME. MOREOVER, DURING THE COURSE OF THE RECENT "RIGHT TO STRIKE" STRIKE, FORMER CONFIDENTIAL

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PRIMIN TANAKA, A LONGTIME OHIRA SUPPORTER AND ONE OF THE CRUCIAL LDP ACTORS IN THE ON-GOING SUCCESSION DRAMA, SEEMS TO HAVE MOVED INTO A POSITION OF DE FACTO SUPPORT -- AND SUBSTANTIAL CONTROL -- OF MIKI. HE DID THIS BY THREATENING MIKI'S RIVALS WITH DISSOLUTION AND MAKING IT IMPOSSIBLE FOR MIKI TO FOLLOW HIS INCLINATION TO COMPROMISE. ALTHOUGH HE REPORTEDLY WAS LESS INTERESTED IN SUPPORTING MIKI THAN IN

BLOCKING FUKUDA, THE EFFECT OF HIS ACTION WAS TO CALL INTO QUESTION HIS SUPPORT OF OHIRA AND STRENGTHEN MIKI. AT THE SAME TIME, HIS REPRESENTATIVES LAID DOWN A FIRM POLICY LINE FOR MIKI TO FOLLOW ON THE STRIKE ISSUE -- AND PRESUMABLY OTHERS. IN SHORT, MIKI, ALTHOUGH IN A SOMEWHAT STRONGER POSITION WITHIN THE LDP, IS ON A SHORTER POLICY LEASH.

6. MIKI'S RELATIONSHIP WITH OPPOSITION PARTIES HAS MOVED FROM THE "DIALOGUE AND RECONCILIATION" APPROACH OF LAST SPRING TO THE MORE TRADITIONAL STANCE OF CONFRONTATION THIS FALL. FOR A VARIETY OF OFTEN CONTRADICTORY REASONS AND WITH QUESTIONABLE SINCERITY, OPPOSITION PARTIES NOW CALL FOR MIKI'S RESIGNATION AND A GENERAL ELECTION. MIKI'S LONGTIME TIES WITH THE JSP, IN PARTICULAR, HAVE ALSO UNDOUBTEDLY SUFFERED AS A RESULT OF HIS FIRM STAND AGAINST GRANTING THE RIGHT TO STRIKE.

7. OVER THE PAST YEAR, MEDIA SUPPORT OF MIKI HAS ALSO DECLINED MARKEDLY. THE ROUND OF EDITORIALS COMMENTING ON HIS FIRST YEAR IN OFFICE WERE ALMOST UNIFORMLY CRITICAL OF HIS FAILURES TO KEEP HIS LEGISLATIVE PROMISES, TO MODERNIZE THE PARTY, AND TO "LEAD." GENERALLY, ALTHOUGH THESE EDITORIALS CAME IN THE MIDST OF THE RAIL STRIKE, WHEN MIKI'S LEADERSHIP WAS UNDER SHARPEST CHALLENGE, WE BELIEVE THEY REFLECT ACCURATELY, IF SOMEWHAT UNEXPECTEDLY, DEEPENING MEDIA DISAPPOINTMENT WITH MIKI'S PERFORMANCE. SIMILARLY, DURING THE PAST TWELVE MONTHS, PUBLIC OPINION POLL SUPPORT OF THE MIKI CABINET HAS DECLINED FROM 45-60 PERCENT TO ABOUT 25 PERCENT, AS OPPOSITION TO THE CABINET CLIMBED FROM 9-21 PERCENT TO ABOUT 40 PERCENT. (IT IS WELL TO NOTE, HOWEVER, THAT BOTH SATO AND TANAKA LASTED LONG AFTER THEIR POPULARITY DROPPED BELOW THIS LEVEL.) MEDIA AND POPULAR DISENCHANTMENT RESULT IN LARGE PART FROM CONTINUING ECONOMIC DIFFCULTIES AND THE BLURRING OF MIKI'S LIBERAL IMAGE AS

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HE HAS BEEN FORCED TO RELY MORE HEAVILY ON THE RIGHTWING OF HIS OWN PARTY TO ACHIEVE DIET PASSAGE OF SHARPLY CONTESTED BILLS. THIS RELIANCE ON THE PARTY STRONGMEN, PARTICULARLY APPARENT IN HIS CONTINUING INABILITY TO DISOLVE THE LOWER HOUSE AT A TIME OF HIS CHOOSING AND HIS PERFORMANCE DURING THE RECENT STRIKE, UNDERLINES HIS CONTINUING "LEADERSHIP" PROBLEMS.

8. THE NEXT THREE MONTHS. THIS SITUATION WILL PERSIST PROBABLY UNTIL LOWER HOUSE PASSAGE OF THE JFY-76 BUDGET IN LATE MARCH OR EARLY APRIL. DURING THIS PERIOD MIKI IS UNLIKELY TO TAKE ANY CONTROVERSIAL INITIATIVES, ALTHOUGH THERE WILL UNDOUBTEDLY BE RHETORIC TO THE CONTRARY. FOR EXAMPLE, DUE TO TIME CONSTRAINTS MEANINGFUL STEPS

TOWARD EITHER AN ANTI-TRUST BILL OR THE NPT DURING THIS PERIOD WILL BE DIFFICULT AT BEST, ALTHOUGH MIKI HAS COMMITTED HIMSELF TO CONTINUED EFFORTS IN THE DIET ON THE NPT. FINANCIAL CONSTRAINTS RULE OUT MORE THAN TOKEN PROGRESS ON HIS "LIFE CYCLE" PROGRAM AND NORTH-SOUTH PROPOSALS. IMPORTANT STEPS TOWARD PARTY MODERNIZATION ARE NOT NOW IN SIGHT, MAINLY BECAUSE THEY ARE LIKELY TO BE USED AGAINST HIM. FINALLY, THE POSSIBILITY OF MEANINGFUL DIALOGUE WITH THE OPPOSITION PARTIES DECREASES AS THE PROSPECT OF A GENERAL ELECTION, WHICH MUST BE HELD BY DECEMBER, NEARS.

9. NOT SURPRISINGLY, MIKI WILL HAVE GREATER LATITUDE IN FOREIGN AND SECURITY AFFAIRS. BROADER PUBLIC DISCUSSION OF JAPAN'S SECURITY AND PRACTICAL US-JAPAN SECURITY ARRANGEMENTS WILL CONTINUE. WHILE THERE IS NO ASSURANCE OF SUCCESS, PEACE AND FRIENDSHIP TREATY NEGOTIATIONS WITH THE CHINESE WILL BE PURSUED AND A SUCCESSFUL CONCLUSION, ALTHOUGH PROBLEMATIC, CANNOT BE RULED OUT DURING THE NEXT THREE MONTHS. THE KOREAN CONTINENTAL SHELF AGREEMENT MIGHT ALSO MOVE TOWARD APPROVAL, PARTICULARLY IF THERE IS AGREEMENT ON THE CHINA TREATY. THERE APPEARS NO PARTY OR DIET BAR TO IMPROVED RELATIONS WITH THE SOVIET UNION, BUT CONTINUING SOVIET INTRANSIGENCE ON THE NORTHERN TERRITORIES ISSUE AND REACTION TO JAPAN'S DEALING WITH PEKING MAKES IT UNLIKELY THAT ANY SIGNIFICANT PROGRESS WILL BE ACHIEVED IN THE IMMEDIATE FUTURE.

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10 SPRING FOLLOWS WINTER. THE PRESENT PERIOD OF RELATIVE POLITICAL QUIET WILL BE ONLY TEMPORARY, HOWEVER. AS LOWER HOUSE PASSAGE OF THE BUDGET NEARS AND SPECULATION ABOUT LOWER HOUSE DISSOLUTION AND A GENERAL ELECTION INCREASES, THE TEMPO OF FACTIONAL MANEUVERING WITHIN THE LDP WILL STEP UP. THIS IS BECAUSE A GENERAL ELECTION IS STILL WIDELY EXPECTED TO CONFIRM MIKI IN POWER, AND THEREFORE THOSE WHO WOULD SUPPLANT HIM (SUCH AS FUKUDA AND OHIRA) MUST FIND A MEANS TO DO SO BEFORE A GENERAL ELECTION IS CALLED. IF THEY ARE UNSUCCESSFUL, MIKI'S CHANCES OF REMAINING IN POWER FOR ANOTHER FULL YEAR AND PERHAPS HIS FULL THREE YEAR TERM ARE SHARPLY IMPROVED. ALTHOUGH A SUCCESSFUL CHALLENGE CANNOT BE RULED OUT COMPLETELY, THE ODDS CONTINUE TO FAVOR MIKI. THUS AFTER TWELVE MONTHS IN OFFICE, MIKI, ALTHOUGH STILL WEAK, PROBABLY HAS BETTER PROSPECTS FOR CONTINUING IN OFFICE THAN AT ANY PREVIOUS TIME IN HIS TENURE.

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